

S E C R E T

DRAFT
2/24/54 - SMB

Subject: Transmission to USRO/ST of Information
Concerning Current Regional Diversions

References: a) CA 1786 of Sept. 30, 1953
b) CA 2665 of Nov. 16, 1953
c) CA 3124 of Dec. 4, 1953
d) TOPOL A-82 of Oct. 30, 1953
e) CA 4459 of Feb. 18, 1954

1. Role of USRO/ST

a) Reference (c) established terms of reference for the economic defense elements in USRO, which are collectively designated as the Office of Security Trade Controls (USRO/ST). USRO functions in dealings with diversions are stated by reference (c) as follows:

"When necessary for timely action, suggest to U. S. diplomatic missions in Europe appropriate measures to prevent evasion of East-West trade controls. When necessary, normally under instructions from Washington, assume coordination of action; receive and disseminate intelligence essential for these purposes."

General responsibility for the coordination of intelligence and action required to prevent "diversions" (i.e., movements of primary strategic commodities in violation or evasion of U. S., COCOM or CHINCOM controls) is exercised by the Diversion Control structure in Washington. Certain component responsibilities, however, have been delegated to USRO, because of its regional scope, as well as its on-the-spot judgment and its ability to act locally without delays. In particular, USRO will be responsible for regional diversions requiring emergency preventive action. It will also take and retain responsibility for new cases involving regional diversions, until relieved of this responsibility by Washington. In addition, it is expected that, from time to time, certain regional diversion cases will be referred to USRO for disposition.

b) Effective accomplishment of these stated purposes entails the regular transmission to USRO by all addresses posts of timely information and intelligence on current regional diversions (including action taken against such diversions), in order to enable USRO:

1. To serve as a focal point for current information and intelligence required for effective regional action.

2. To transmit such information and intelligence in time to be of use to appropriate action posts.

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3. To maintain a continuous and systematic check on current regional diversion cases.

4. To recommend and coordinate emergency regional action to prevent diversions.

2. Lateral Dissemination to and from USRO/ST

25X1A a) The purpose of reference (a) was to expedite the transmission to the field of certain types of information, which were formerly reported to Washington and then retransmitted to the field for action, by authorizing direct dissemination from one field station to another. For this purpose USRO is considered a Foreign Service post. 25X1A

[REDACTED]

b) Addressee posts are requested to send USRO at least two copies of all outgoing communications which relate to current regional diversions. Use of the EXCON caption, in accordance with reference (b), will ensure appropriate local distribution. Telegrams between Foreign Service posts and USRO are to be sent in the TOPOL-POLTO series, (reference (d)). As stated in reference (e), Operations Memoranda are not to be used in connection with diversion cases. *July*

25X1A c) Addressee posts are *in connection* further requested to transmit to USRO/ST, to the full extent permitted by their other responsibilities, selected and evaluated information, developed from their own sources [REDACTED] which relates to current regional diversions but would not otherwise be included in outgoing communications. Priority should be given to cases requiring emergency preventive action and to other cases not previously reported to Washington. Communications of this type should be sent in the TOPOL series ~~xx~~ under the EXCON caption. 25X1A

USRO will thus be able to evaluate and coordinate intelligence on current regional diversions received from all addressee posts, and hence to prepare case histories, establish patterns of diversion including financial arrangements, and build up files on suspect East-West traders. In particular, it will develop regional aspects which may be overlooked by individual posts. 7

d) USRO will regularly transmit to appropriate addressee posts all essential information and analysis on regional diversion cases for which it has responsibility.

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